

## President Trump Signs Executive Order Deferring Certain Payroll Tax Obligations Through December 2020

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On Saturday, August 8, President Trump enacted four executive orders after Democrats and the White House were unable to reach an agreement on a new stimulus bill last week. Among the four executive orders, the President included a payroll tax deferral. The relevant order states as follows:

*To that end, today I am directing the Secretary of the Treasury to use his authority to defer certain payroll tax obligations with respect to the American workers most in need. This modest, targeted action will put money directly in the pockets of American workers and generate additional incentives for work and employment, right when the money is needed most.*

The order calls for deferral of the employee portion of payroll taxes, 6.2% for Social Security and 1.45% for Medicare, for workers making less than \$100,000 a year through the rest of 2020. Any amount deferred pursuant to the implementation of this order may be deferred without any penalties, interest, additional amount or addition to the tax.

However, as it stands, employees will still owe the deferred taxes at the end of the year since President Trump cannot eliminate the tax liability without legislation. In an effort to address the concerns regarding payment at the end of the year, the following language was also included in the White House's Memorandum on Deferring Payroll Tax Obligations:

The Secretary of the Treasury shall explore avenues, including legislation, to eliminate the obligation to pay the taxes deferred pursuant to the implementation of this memorandum.

President Trump has stated that if reelected he plans to forgive these deferred taxes and make permanent cuts to payroll taxes. Again, though, this requires legislative action. If the President is not reelected, workers will presumably be required to pay these taxes at the end of the year.

The other three actions signed on Saturday include as much as \$400 in enhanced unemployment benefits, an executive order on assistance to renters and homeowners and a memorandum further deferring student loan payments through December 31, 2020.